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Conference on Land Economy and Rural Studies Essentials**IMPLEMENTATION OF AGRICULTURAL POLICY IN THE  
CONTEXT OF INTERNATIONAL SANCTIONS**

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lingvist-af@yandex.ru**Abstract**

The article examines the essence, directions and results of the agricultural policy pursued during the period of sanctions pressure from the countries of the European Union and the USA. The implementation of the agrarian policy did not allow achieving the indicators of the State Program for the Development of Agriculture. It provides for the achievement of food security on the basis of import substitution in the agri-food market and the formation of an export-oriented agricultural economy. Import substitution in the market can be carried out in two ways: first – increasing production, increasing the competitiveness of domestic goods and ousting imported products from the domestic market. The second is restricting the import of foreign goods on the basis of tariff (duties) and non-tariff (quotas, import licensing, embargo) regulation, as well as subsidizing Russian producers. Import substitution requires significant financial investments, and it largely depends on the resource provision of the State Program. The index of the physical volume of investments in fixed assets of agriculture in 2019 compared to 2017 amounted to 102.0% with the planned 105.1%. Therefore, it is necessary to intensify the attraction of domestic and foreign investments for development of branches of the agro-industrial complex. In conditions of saturation of the domestic market with certain types of food products, high competition and a decrease in the effective demand of the population, the possibilities for increasing production are limited. The increase in the production of products of the agro-industrial complex will be facilitated by the growth of agricultural exports.

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## **1. Introduction**

The development of the branches of the agro-industrial complex is largely determined by the state agrarian policy, which is carried out with the aim of solving the food problem in our country and ensuring the growth of the living standards of the population (Semkiv & Kozina, 2020).

The agrarian policy provides for state support for the branches of the agro-industrial complex by providing budgetary funds, preferential taxation, purchasing products for state and municipal needs, regulating the agrarian market, interventions (purchasing and commodity) and pledge transactions.

## **2. Problem Statement**

To solve the food problem and ensure the growth of the living standards of the rural population, the state agricultural policy should provide for an increase in the competitiveness of domestic producers, the preservation and reproduction of material and labor resources used in the agro-industrial complex, attraction of investments in the industry. It should also allow for the formation of an efficiently functioning agri-food market and regulation of prices on it with using market (economic) methods, maintaining the parity of prices for products of the agro-industrial complex. This also includes protecting Russian producers in the domestic and foreign markets, reducing the unemployment rate of the rural population and sustainable development of rural areas (Meylan et al., 2021; Solopov & Minakov, 2018).

The implementation of the agrarian policy did not allow achieving the indicators of the State Program for the Development of Agriculture and the regulation of markets for agricultural products, raw materials and food for certain items. This was mentioned in “The State Programme for the Development of Agriculture and the Regulation of markets for agricultural products, Raw materials and Food” (Pritula & Semkiv, 2020).

## **3. Research Questions**

In connection with this goal, the following tasks were solved:

- to consider the essence and directions of state agricultural policy;
- to analyze the size of budgetary allocations to support agriculture and the results of the implementation of the State Program;
- to substantiate proposals for improving agricultural policy.

## **4. Purpose of the Study**

The aim of the study is to consider the directions and results of the agricultural policy pursued during the period of sanctions pressure from the European Union and the United States, to substantiate proposals for its improvement.

## 5. Research Methods

When analyzing the directions and results of the state agrarian policy, data from the Federal State Statistics Service and the Ministry of Agriculture of the Russian Federation, the State Program for the Development of Agriculture and Regulation of the Markets of Agricultural Products, Raw Materials and Food, articles in Russian and foreign periodicals were used.

Abstract-logical, monographic, statistical-economic, computational-constructive and other methods were used as research methods. The statistical and economic method makes it possible to comprehensively characterize the phenomenon under study by means of massive digital data; therefore, it was used to analyze the state and trends in the development of agricultural production, the effectiveness of the functioning of agricultural organizations.

The monographic method was used to study the activities of individual producers, distinguished by high economic results. The computational and constructive method allows you to determine the ways of solving the problem for the future. It was used to substantiate proposals for improving agricultural policy.

## 6. Findings

The state program for the development of agriculture and the regulation of markets for agricultural products, raw materials and foodstuffs discloses the goals, directions and mechanisms for the implementation of agricultural policy.

The tasks of the state agrarian policy are the formation of food security, import substitution in the agri-food market and the formation of an export-oriented agricultural economy.

To solve these problems, the State Program provides for the index of agricultural production in farms of all categories (in comparable prices) to be increased to 115.1% by 2025 compared to 2017. And the index of the physical volume of investments in fixed assets in agriculture increased to 121.8%; the growth rate of agricultural exports – up to 210.6%. By 2025, the produced added value of agriculture will reach 5774.3 billion rubles, the disposable resources of households (on average per member per month) in rural areas – 21,870 rubles (Antsiferova et al., 2019; Cherkesova et al., 2019).

The implementation of the agrarian policy contributed to the development of the branches of the agro-industrial complex (Table 1). For 2017-2019 the growth rate of production in agriculture amounted to 3.8%, in the food industry it increased by 10.0%; the added value of agriculture produced increased by 16.2%, the profitability of agricultural production (taking into account subsidies) – by 2.6 percentage points.

The growth in the production of agricultural and food products, the increase in its efficiency are due to state support. During the analyzed period, the volume of budgetary allocations from the federal budget increased by 33.2%. This contributed to an increase in agricultural exports by 18.4%.

Actual performance indicators of agro-industrial complex enterprises exceed the indicators of the State Program. So, in 2019, the index of agricultural production was higher than that planned by 1.0 percentage points, the food industry – 4.1, the growth rate of agricultural exports – by 7.3 percentage points, the volume of disposable resources of households per member – by 1.3 thousand rubles, or 6.8%.

Food security is characterized by food independence and affordability of food. Food independence is characterized by the level of food self-sufficiency, which in 2019 for grain was 155.5% with a threshold

value of 95%, sugar, respectively 125.4% and 90%, vegetable oil – 175.9% and 90%, meat and meat products – 97.4% and 85%, milk and dairy products – 83.9% and 90%, potatoes – 95.1% and 95%, vegetables and melons – 87.7% and 90%, fruits – 40.2% and 60%. This indicator is growing dynamically, but food independence in fruits, milk and beef will not be achieved in the coming years (Nikitin et al., 2020).

**Table 1.** Results of the implementation of the State program

Indicators	2017	2018	2019	
			Plan	Fact
Federal budget allocations, billion rubles	233.8	249.5	318.3	311.5
Agricultural production index (in comparable prices) by 2017, %	100	99.8	102.8	103.8
Including	100	98.5	102.3	104.5
Crop production				
Animal husbandry	100	101,1	103,5	102,7
Food production index (in comparable prices) by 2017,%	100	104.9	105.9	110
Index of physical volume of investments in fixed assets of agriculture by 2017, %	100	104.4	105.1	102.0
Growth rate of exports of agricultural products by 2017, %	100	119.3	111.1	118.4
Produced added value created in agriculture, billion rubles	3,263.8	3,528.6	3,851.7	3,794.7
Disposable resources of households (on average per member per month) in rural areas, thousand rubles	18.3	19.2	19.1	20.4
Profitability of agricultural organizations (including subsidies), %	12.0	12.5	16.0	14.6

Economic affordability for many types of products tends to grow and exceeds the threshold value (100%): sugar – 162.5%, bread products – 120.8%, vegetable oil – 116.7%, eggs – 109.6%, meat and meat products – 104.1%. However, for milk and milk products (72.0%), fruits (62.0%), potatoes (98.9%), vegetables and melons (77.1%), the indicators did not reach the threshold value.

Import substitution plays an important role in ensuring the country's food security, which is aimed at supporting domestic producers and protecting their economic interests in the domestic and foreign markets.

The implementation of the State Program made it possible to reduce the import of food products. Over the period from 2013 to 2019, it decreased from 45.0 billion to US \$ 30.0 billion, or by 33.3%. In the structure of imports of Russia, the share of food and agricultural raw materials is 12.2%.

The main goods in the structure of agricultural imports were: fruits (17.1%), meat and meat-co-products (6.3%, including beef – 3.5%) milk and dairy products (9.0%), vegetables (6.1%) (Nikitin & Antsiferova, 2020).

The implementation of the State Program for the Development of Agriculture and the Regulation of Markets for Agricultural Products, Raw Materials and Foods made it possible to increase the production of import-substituting goods in Russia. 2013-2019 production of fruits increased by 27.8%, vegetables – by 12.0%, milk. The implementation of the State Program for the Development of Agriculture and the

Regulation of Markets for Agricultural Products, Raw Materials and Foods made it possible to increase the production of import-substituting goods in Russia. 2013-2019 production of fruits increased by 27.8%, vegetables - by 12.0%, milk – by 4.9%, beef – by 22.0%, cheese – by 68.7%. However, over the specified period, the production of potatoes decreased by 8.1%, cattle for slaughter (in live weight) – by 1.5%, sausages – 9.0% by 4.9%, beef – by 22.0%, cheese - by 68.7%. However, over the specified period, the production of potatoes decreased by 8.1%, cattle for slaughter (in live weight) – by 1.5%, sausages – 9.0%.

Import substitution in the agri-food market can be carried out in two ways. The first is increasing production and increasing the competitiveness of domestic goods and ousting imported products from the domestic market. The second is restricting the import of foreign goods on the basis of tariff (duties) and non-tariff (quotas, import licensing, embargo) regulation, as well as subsidizing domestic producers. Import substitution requires significant financial investments (Zakharin et al., 2021).

In conditions of saturation of the domestic agri-food market with certain types of food products, high competition and a decrease in the effective demand of the population, the possibilities for production growth are limited. The increase in the production of products of the agro-industrial complex will be facilitated by the growth of agricultural exports (Pritula & Semkiv, 2020).

In the current economic conditions, the export of agricultural products and foodstuffs is growing. Over the period from 2013 to 2019, it increased from \$ 16.7 billion to \$ 25.6 billion, or by 54.3%. Its share in the structure of Russian exports is 6.0%. The balance of the Russian trade balance for agricultural products is negative in the amount of USD 4,342 million. Raw materials prevail in Russian agricultural exports. In the structure of exports of agricultural products and food in value terms, the main commodity items were grain (31.1%), vegetable oil (12.2%), seafood and fish (21.0%).

Over the years of implementation of the State Program, agricultural exports have increased. For the period from 2013 to 2019 grain production increased from 92.4 to 121.2 million tons, or by 31.2%; oilseeds and fruits - 13.2 to 22.8 million tons, or 72.7%; poultry meat - from 3538 to 4641 thousand tons, or 31.2%. Vegetable oil increased from 3640 to 5940 thousand tons, or 63.2%; sugar - from 4959 to 6273 thousand tons, or 26.5%; and flour production and cereals decreased from 11.3 to 10.9 million tons, or 3.5%. In turn, an increase in exports has a positive effect on the development of branches of the agro-industrial complex. Some producers are experiencing difficulties in marketing their products on the domestic market.

A high level of self-sufficiency for some types of products (grain, vegetable oil, sugar, poultry meat, etc.) indicates the presence of unclaimed products in the domestic market and reserves for the development of agricultural exports. However, in the formation of an export-oriented agrarian economy, it is necessary to take into account the negative side of export – an increase in prices on the domestic market. For the successful development of the export of agricultural products and foodstuffs, its state regulation using market methods is necessary (Solopov & Minakov, 2018).

In the federal project "Export of agricultural products", which is an integral part of the State Program for the Development of Agriculture and Regulation of the Markets of Agricultural Products, Raw Materials and Food, it is envisaged to increase the volume of agricultural exports to USD 45 billion by 2025. This can be done by creating a new commodity mass ( including high added value), creation of an export-oriented commodity distribution infrastructure, elimination of trade barriers (tariff and non-tariff) to ensure

access of agricultural products to target markets and create a system for promoting and positioning agricultural products.

In 2019, budget funding for the implementation of this project amounted to 37.1 billion rubles. In addition, state support is provided in the form of compensation for part of the transportation costs. In 2019, it was provided to 168 enterprises of the agro-industrial complex in the amount of 1.7 billion rubles. A further increase in the size and improvement of methods of state support will contribute to the growth of export operations, and, consequently, to an increase in the production of products in the agro-industrial complex.

## 7. Conclusion

The agrarian policy of Russia, pursued during the period of sanctions pressure from the European Union and the United States, is aimed at shaping the country's food security based on import substitution in the agri-food market and creating an export-oriented agricultural economy. Import substitution in the market can be carried out in two ways. The first is increasing production and increasing the competitiveness of domestic goods and ousting imported products from the domestic market. The second is restricting the import of foreign goods on the basis of tariff (duties) and non-tariff (quotas, import licensing, embargo) regulation, as well as subsidizing Russian producers.

Import substitution requires significant financial investments, and it largely depends on the resource provision of the State Program. The index of the physical volume of investments in fixed assets in agriculture in 2019 compared to 2017 amounted to 102.0% against the planned 105.1%. Therefore, it is necessary to intensify the attraction of domestic and foreign investments for the development of branches of the agro-industrial complex.

In conditions of saturation of the domestic market with certain types of food products, high competition and a decrease in the effective demand of the population, the possibilities for increasing production are limited. The increase in the production of products of the agro-industrial complex will be facilitated by the growth of agricultural exports.

However, in the formation of an export-oriented agricultural economy, it is necessary to take into account the negative side of exports - an increase in prices in the domestic market. For the successful development of the export of agricultural products and foodstuffs, it is necessary to regulate it by the state using market methods.

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